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19 October 1953

PROJECT OUTLINE

Project Subject: Communist Takeover [redacted]

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Sub-Project Identification: NA

Originating Office: Research and Reports

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a. Assistant Director: Otto E. Guthe, [redacted]

b. External Research Officer: [redacted]

Target Area: NA

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Type of Project: Support of economic research.

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Financial Mechanism: Allocation from funds provided by CIA to [redacted]

Funds Requested: Allocation of [redacted] from the regular [redacted] Program for CIA

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Current Status: New

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1. OBJECTIVE: The objective of the proposed project is to obtain a maximum amount of data on the economies of the European Satellites, in terms of their integration with the Soviet economy and particularly in respect to developments in the economic services sector of these economies. Furthermore, it is anticipated that the proposed project will yield data to allow more adequate measurement, absolutely and comparatively, of the economic services sector within the Soviet Bloc economy in its relation to other sectors of that economy. (See Tab A.)

2. ORIGIN AND POLICY GUIDANCE:

a. Origin. The proposed project results from a need developed by ORR's economic research program.

b. Whence proposed. Headquarters.

3. SITUATION: The Office of Research and Reports recognizes that the degree of integration of the European Satellite economies with that of the Soviet Union, and the development within the economies of these Satellites, are of direct and immediate interest to the intelligence community and will continue to be of concern in the formulation of National Intelligence Estimates and in various types of policy planning for some time to come. On-board strength in ORR for conducting the necessary integrated analysis of economic data relating to the Eastern European Satellite economies is currently inadequate and can only be built up over an extended period. The proposed project would provide a method for obtaining, relatively soon, valuable organized information on the subject, and should result in the production of an authoritative study, particularly since

the Eastern European Satellites and their sovietization and because the great bulk of economic information on the European Satellites is available in unclassified sources. This project should provide effective comparisons with other studies on industrialization of backward areas and should assist in the development of economic methodologies necessary to analyze Soviet-type economies. The results of the proposed study are directly applicable to several projects being undertaken in the Office of Research and Reports, particularly Project 40.1, "Development of the Services Sector of the Soviet Economy". Project 40.1 will provide historical time series, economic trends, input requirements, etc., for the services sector; which includes such activities as transportation, internal and external trade, finance, management, etc., and will establish interrelationships with other sectors of the economy of the Soviet Bloc. Thus it is anticipated that the proposed external research project will provide a base for research into more specific economic intelligence problems and thereby be a valuable addition to the research tools of ORR.

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5. OPERATIONAL OUTLINE:

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a. Subproposals or "tasks". NA

- c. Indigenous groups and/or leaders. NA
- d. Target groups. NA
- e. Duration. Approximately one year to completion.
- f. Graphic Illustrations. NA

6. SECURITY:

a. Cover. NA

b. Knowledgeability. [redacted]

will provide the day-to-day supervision of this project. No other non-CIA personnel are likely to become witting to this project.

c. Operational security. NA

d. Risks. No undue reactions or repercussions in the event of compromise are anticipated.

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f. Disaster plan. NA

7. COORDINATION:

a. Relation to other projects. The proposed project is not related to any other external research presently being conducted by the intelligence community.

b. Significance within over-all program in area. NA

c. Extent of coordination. Members of the Economic Intelligence Committee have been fully informed of this proposed project. It has been determined that this project does not duplicate any work of the agencies represented on the Committee. Special interest in the project was expressed by the EIC representative for the Joint Chiefs of Staff. The representatives of the Departments of State, Army, Navy, and Air Force expressed no particular departmental interest.

8. CONTROL:

a. Nature of. The proposed project will be monitored by

b. Administrative plan. NA

c. Reports. The final product will constitute the report on the activity of this proposed project.

9. BUDGET DATA:

a. Total over-all CIA funds required for Fiscal Year 1954.

(To be allocated from monies already approved for the use of [redacted] (See Tab B.)

b. Availability of CIA funds required. Funds have already been allocated [redacted] for the undertaking of certain researches as required by CIA.

c. Non-CIA funds. NA

d. Foreign currency. NA

e. Funding. The Comptroller's office will release funds as billed [redacted] in accord with previous funding procedures.

f. Financial history. NA

g. Future requirements. NA

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10. SUPPORT DATA:

a. Total CIA personnel. NA

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b. Materiel. NA

c. Communications. Communications concerning this project will be handled through [redacted]

d. Other CIA support. NA

e. Support required from other United States agencies. NA

11. GENERAL CONSIDERATIONS:

a. Current status. The project has been discussed by Mr. [redacted]

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b. Commitments. No commitments have been made to date.

Interest was expressed by [redacted] in conversation with [redacted]

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c. Effectiveness. NA

d. Anticipated results. See Tab A.

e. Evaluation. The project will be continually evaluated

[redacted] as the Agency monitor. The close supervision provided [redacted] who is fully informed as to the requirements of ORR for this type of research will provide an additional evaluation.

f. Policy questions. NA

g. Congress. No Congressional implications are anticipated.

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h. Extra-Agency Action. Since the Office of Research and Reports has not yet developed adequate area and source knowledgeability in respect to the Eastern European Satellites, the utilization of the special competence [redacted] is considered to be an effective exploitation of a unique source.

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i. Proprietary companies. NA

j. Special considerations. NA

k. Liquidation. The project will be liquidated upon completion.

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